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1. BACKGROUND

Over the last decade organizations of all types and sizes have increasingly come to understand the importance of customer satisfaction. It is widely understood that it is far less costly to keep existing customers than it is to win new ones, and it is becoming accepted that there is a strong link between customer satisfaction, customer retention and profitability.

Retailers must differentiate themselves by meeting the needs of their customer better than the competitors. Thus, retailers have again come to realize that customer service is potency. Customer satisfaction has therefore become the key operational goal for many organizations. They have invested heavily in improving performance in areas that make a strong contribution to customer satisfaction, such as quality and customer service.

2. CONCEPT AND DEFINITION OF RETAILING

The retailer is the final and important link between a producer or other intermediaries and the buyers, who are the end users. Retailing is a dynamic activity that has major contribution in achieving customer service and customer satisfaction as well as it has a major influence on the economy. Retailing activities are carried out by many institutions like manufacturers, wholesalers and mostly by retailers
There are lots of definitions of retailing; most emphasize retailing as the business activity of selling goods or services to the final consumer.

"The word 'retail' is derived from the French word '***retaillier***', meaning 'to cut a piece off or to 'break bulk'."[1] It implies a firsthand transaction with the customer.
Abraham Koshy and Mithileshwar Jha define retailing as "Retailing involves a direct interface with the customer and co-ordination of business activities from end to end".[2]

3. CONCEPT OF ORGANIZED RETAILING

Organized sector includes unites whose activity is regulated by statue or legal provision, and/or those, which do maintain regular accounts. In the case of manufacturing, this covers all manufacturing units using power and employing more than 10 workers or not using power and employing more than 20 workers. In other words organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses.

4. LITERATURE REVIEW

Customer satisfaction has become the key operational goal for many organizations. They have invested heavily in improving performance in areas that

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[1]Dhotre Meenal, *Channel Management and Retail Marketing*, Mumbai, Himalaya Publishing House, 3rdEdition, 2008, p.46.

[2] Abraham Koshy and Mithileshwar Jha, *Marketing Management*, New Delhi, Dorling Kindersley(India) Pvt. Ltd.,12th Edition, 2007, p.423.

make a strong contribution to customer satisfaction, such as quality and customer service. Definition of customer satisfaction is not a static one and has evolved over time. Early endeavors to understand customers' post-purchase responses were directed on the conception of cognitive dissonance (Festinger, 1957). The literature of satisfaction propounds satisfaction as an outcome as well as a process (Yi, 1990; and Parker and Mathews, 2001). Howard and Sheth (1969) have defined customer satisfaction as an outcome: "the buyer's cognitive state of being adequately or inadequately rewarded for the sacrifices he has undergone". Studies of the customer satisfaction with retailers have also been prosperous with the development of customer satisfaction measurement models, such as customer satisfaction measurement based on the theory of service quality (Parsuraman et al., 1985; 1988; 1991) and customer satisfaction measurement of retailing companies from macro perspectives (Johnson and Fornell, 1991; Fornell, 1992; Fornell, Johnson, Anderson, Cha and Bryant, 1996). Customer satisfaction has become a primary point of differentiation in a market where consumers typically make a weekly trip to their preferred supermarket and spend more on this trip than at other times (Kahn and McAlister, 1997).

5. RESEARCH PROBLEM

The studies which related to measure the customer satisfaction of the services that provided by the organized retail stores in Gujarat are few, and significance of customer satisfaction about organized retail stores are differ from other countries/states because of demographic, social, economic, political, and technological environment factors. Some factors that related to customer satisfaction are important in some countries/states and less important in others, in issues that related to services that offered by organized retail stores. There is shortage and lack in published study has used a measure of satisfaction that captures the degree of satisfaction with retail stores customers in Gujarat state. Therefore we have decided to measure a customer satisfaction of organized retail stores in selected cities of Gujarat.

6. SIGNIFICANCE OF THE STUDY

The study contributes to the effective managerial decisions to be made by the retail companies, when they have to decide on the factors (with respect to service quality and service features) that actually affect the satisfaction of customers and on what major areas they have to put in their efforts in order to get hold of more number of satisfied customers that can become loyal customers in future.

7. STRUCTURE OF THE THESIS

This thesis is divided into six chapters. In the first chapter the background of the selected research area, overview of retail sector and customer satisfaction phenomena is presented followed by research problem. Research purpose and significance of the study is also described in the first chapter. Second chapter presented theoretical background of the research topic. In chapter three reviews studies related to the topic will be presented. Methodology is fully brought in chapter four which would be ended by frame of reference that shows the exact roadmap of the study. Chapter five presents the data analysis and data interpretation. And last but certainly not least, chapter six is about the findings, conclusion and suggestions.

1. CHAPTER ONE: Introduction
2. CHAPTER TWO: Theoretical Background
3. CHAPTER THREE: Review of Literature
4. CHAPTER FOUR: Research Methodology
5. CHAPTER FIVE: Data Analysis and Interpretation
6. CHAPTER SIX: Findings, Conclusion and Suggestions
7. REFERENCES/APPENDICES

8. OBJECTIVES OF THE STUDY

This study has following objectives:

1. To know that customers are satisfied or not with the services provided by the organized retail stores.
2. To identify the factors that influences the level of satisfaction of the customers.
3. To assess the relative importance of identified factors on the overall customer satisfaction and customer loyalty.
4. To know whether customer loyalty is influenced by overall customer satisfaction.
5. To compare the level of customer satisfaction, influencing factor on customer satisfaction and the relative importance of these factors on the overall customer satisfaction and customer loyalty in the selected four cities.

9. **HYPOTHESIS OF THE STUDY**

1. H_0: Customers' are dissatisfied with the services provided by organized retail stores
2. H_0: There is no significant association between gender and frequency of visit.
3. H_0: Family monthly income and frequency of visits are independent of each other.
4. H_0: There is no significant association between number of earning members in family and frequency of visit.
5. H_0: Age and frequency of visits are independent of each other.
6. H_0: There is no significant association between monthly income of family and average amount spent per visit.

10. RESEARCH METHODOLOGY

This study is exploratory, qualitative as well as quantitative in nature. Primary data has been collected by framing a structured questionnaire as an instrument of survey. This research study covers only four cities of Gujarat state namely Ahmedabad, Surat, Vadodara and Rajkot. Because these cities are top four most populated cities of Gujarat state (Census Report, 2001).Around 50 percent of the urban population of the Gujarat state lives in these four cities. Large format retail stores already introduced in these cities and consequently have a greater degree of stability in consumer expectations as compared to other cities. These four cities of Gujarat have emerged as fastest growing cities in terms of economic prosperity. People of these selected cities are well habitual with shopping from organized retail stores. The survey was carried out during the August 2011. In this study, we

preferred to use a non-probability convenience sampling method. Total 1202 questionnaires were successfully retrieved. The researcher has been also collected relevant and useful secondary data from published literature such as reference books, national and international journals, magazines, newspapers, web portals and other published sources. Data has been analyzed by using descriptive statistics, one sample t- test, ANOVA, Factor Analysis and Regression and Chi-square.

11. LIMITATIONS OF THE STUDY

1. The survey was limited to Ahmedabad, Surat, Vadodara and Rajkot city only.
2. The study has been conducted predominantly in above mentioned four cities of Gujarat, if conducted in some other part of the country may vary.
3. Answers of the questionnaire depend upon the belief of customers, which may differ from the reality.
4. A chance of subjectivity in answers cannot be ruled out.
5. The inherent limitations of the secondary data should be considered.

12. TENTATIVE FINDINGS

1. Findings that 'Shopping Related Convenience' showing strongest impact on overall customer satisfaction in Ahmedabad, Surat, and Rajkot. While in Vadodara 'Shopping Related Convenience' has no impact on customer satisfaction.
2. 'Product Related Convenience' is the second strongest factor to impact on overall customer satisfaction in Ahmedabad, Surat and Vadodara. While in Rajkot 'Product Related Convenience' showing least impact on customer satisfaction.
3. 'Pricing' is another factor to impact on overall customer satisfaction in Ahmedabad and Surat. While 'Pricing' has no impact on customer satisfaction in Vadodara and Rajkot.
4. 'Personal Service' has also positive impact on customer satisfaction in Surat and Rajkot. In Ahmedabad and Vadodara, 'Personal Service' has no impact on customer satisfaction.
5. 'Physical Aspect' has strongest impact on overall customer satisfaction in Vadodara only. While in Ahmedabad, Surat and Rajkot, it has no impact on customer satisfaction.

Finally it has been concluded that the customers of Rajkot city are more satisfied in comparison of other cities followed by Baroda, Ahmedabad and Surat

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